

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

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December 12, 1966

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06/26/2003

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

The attached paper entitled "North Atlantic Treaty Organization" is forwarded for consideration at the National Security Council meeting to be held in the Cabinet Room at noon, Tuesday, December 13, 1966.

Additional information on the problems which the NATO Ministers will consider this week in Paris is summarized in CIA Special Report SC No. 00799/66B dated December 9, 1966 - "NATO Foreign Ministers to Consider Future of the Alliance."

*Bromley Smith*

Bromley Smith  
Executive Secretary

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North Atlantic Treaty Organization

The Foreign, Defense and Finance Ministers of the NATO nations will meet in Paris December 14-16. Nine months have passed since President de Gaulle announced the withdrawal of France from the military organization of the Alliance, six months since the Foreign Ministers met to take the basic decisions toward relocating and reorganizing the institutions of the Alliance in response to the French action. This December's meeting will consolidate those decisions and will provide the forum for considering measures for moving a modernized NATO into the future--both in the defense and non-defense fields.

Background to the Meeting

As announced by President de Gaulle in March, all French personnel assigned to NATO commands and French forces assigned to NATO were withdrawn on July 1. NATO and US military installations in France will be required to relocate by April 1, 1967.

The action of the Government of France proceeds from its position that while the Alliance continues to be necessary, the organization of the Alliance is no longer suitable. However, the other NATO allies recognize clearly the benefits provided by NATO for which President de Gaulle has offered no substitute: 1) security - the Soviet military machine is still in place in Eastern Europe and NATO's joint defense effort is the only effective protection; 2) Western European political stability, which looks even more precious in light of recent German political shifts; and 3) political influence - the NATO consultation process is seen as the best hope of securing US attention to European interests and objections. Consequently, the Fourteen have been able unitedly to turn their efforts to relocating and reshaping the Alliance.

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Relocation of NATO and US Organizations Now in France.

SHAPE (Supreme Headquarters Allied Powers Europe) will be relocated to Casteau, Belgium. AFCENT (Allied Forces, Central Europe) headquarters will go to the Brunssum-Maastricht area in the Netherlands. The NATO Defense College has been moved to Rome. The North Atlantic Council, the NATO International Staff, the Military Committee (now in Washington), and national delegations will move to Brussels. The US European Command (EUCOM) will be moved to Stuttgart. The US Sixth Fleet home port is being moved to Italy. Other US headquarters and units will go to the UK and Germany.

Negotiations with France. The Government of France has put aside unilaterally its agreements with the United States covering air fields, depots and military headquarters, and has forced the rewriting of the terms governing the presence of French forces in Germany. Consequently, there are in progress a series of negotiations concerning continued US use of petroleum and telecommunications facilities in France and the relationship between French forces in Germany and NATO forces.

US-French Bilateral Negotiations. Discussions have been held on the use of military facilities in France in the event of war or of NATO alert, or in circumstances such as another Berlin crisis. France has now made clear that no re-entry by the US into airfields or depots in France would be possible except after a declaration of war by France. No French commitment can be given regarding such re-entry in time of NATO alert or crisis. They are, however, willing to permit continued US use of the Donges-Metz petroleum pipeline and certain telecommunications facilities in peacetime, provided these are under French management. They give no assurance regarding the availability of such facilities in wartime.

Additional discussions have concerned the April 1 deadline for the removal of US forces and equipment. We do not accept the deadline but plan to withdraw as rapidly as feasible. However, a period beyond next April 1 will be required to complete the removal of logistics facilities.

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### France-NATO Relationships

The "Constitutional Question". The process of developing a new role for France in the Alliance has caused less pain and disruption than might have been expected. The changes have been pragmatic and evolutionary. The North Atlantic Council agreed that the fourteen nations in the Defense Planning Committee (DPC) should be authorized to deal with all defense subjects where France no longer contributes. France will not sit in the Committee. The Fifteen will continue to be responsible for non-military Alliance concerns.

French Forces in Germany. At the time the French withdrew from the organizational aspects of the Alliance, they indicated that they were willing to keep their troops in Germany. The Germans in turn indicated that they wished these troops to stay. However, because all other forces (US, UK, FRG, Canada and Belgium) in Germany have a NATO role, the NATO countries thought that the French troops there should similarly have a defined NATO role. At Brussels, the Ministers, including the French Minister, agreed that NAC would establish a political framework for the mission of the French forces in Germany. The French subsequently backed off of the agreement. The Germans with the support of the rest of the Fourteen then agreed to overlook the absence of a political agreement and authorized talks between Lemnitzer and the French Chief of Staff in order to determine the extent to which the French, without commitment, might be prepared to cooperate with NATO. Meanwhile the French have also been discussing bilaterally with the Germans a legal basis to govern the status of French forces on German territory.

Here, as in US-French talks, the French have underscored their insistence on maintaining total freedom of action.

Air Defense. France is interested in continued participation in the early warning and communications aspects of the NATO Air Defense System, on which the Force de Frappe depends for credibility. The Fourteen have agreed to French participation under present circumstances.

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Overflights. President de Gaulle has put authorizations for overflights by foreign military aircraft on a month-by-month basis. There has been no reduction in the number of flights, nor have the monthly authorizations been delayed in any case. But de Gaulle has made clear that these overflights continue at his sufferance and could be terminated on short notice. The Fourteen have a large requirement for overflights of France. The only real pressure on de Gaulle is that if he were to terminate or drastically reduce his cooperation on overflights he would effectively read himself completely out of the Alliance, with major political effects.

#### The Ministerial Meeting

Organization of the Meeting. The Fourteen, sitting as the Defense Planning Committee, will conduct the Alliance's military business on December 14 and the Fifteen, as the North Atlantic Council, will conduct its non-military business on December 15 and 16.

US Objectives. Our general objectives at the meeting will be: 1) to present the picture of an organization and of an Alliance which has surmounted its crisis with France but which will continue to accept French cooperation to the extent this does not damage essential NATO interests; 2) to demonstrate that the Fourteen are going ahead in a business-like manner; 3) to demonstrate that the nature of the Soviet threat still calls for an effective NATO; 4) to evidence that a strong Alliance is essential to the attainment of a genuine detente and an equitable settlement in Europe; 5) to support European efforts to study the future organization and activities of NATO.

#### Principal Ministerial Meeting Topics.

East-West Relations. Consistent with last June's Ministerial mandate and the President's October 7 speech, our general aims in NATO and at this meeting are to keep the organization very much in the East-West picture as a major instrument for coordinating Western policies and, where appropriate, specific action. Aside from the fundamental French

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reservation about coordinated positions, several countries lean toward the view that too prominent a NATO label on anything gives the East an impression of Western rigidity. Nevertheless, we expect that the NATO Ministers will endorse a report which examines possible initiatives looking toward improved East-West relations. (The French are expected to abstain.)

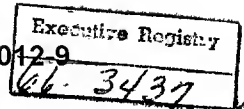
Technological Gap. European concern about the "technological gap" has led to various statements and suggestions for corrective action. Among these is the "Italian" proposal, on which the President commented favorably in the Erhard communique and in his New York speech. Italy has proposed that the Ministerial Council either instruct the Permanent Council and the Secretary General to consider the establishment of a committee to study the technological gap and recommend possible solutions to a future meeting of the Ministers, or directly establish a committee of all NATO countries for this purpose.

The Future of NATO. Foreign Minister Harmel of Belgium is expected to propose that the Ministerial Council, including France, give a mandate for a high-level, comprehensive study on the future of the Alliance. The Belgians have discussed their ideas with us at some length and we have encouraged them to go ahead with their proposal.

NATO Force Planning/Trilateral Talks. The Trilateral talks are now in recess, in view of the NATO Ministerial Meeting and until the new German government gets its feet on the ground. It seems unlikely that the three governments will be able to narrow much further the remaining differences in their views on military matters until they have made substantial progress on the financial problems which triggered the talks. While the other NATO members remain sensitive to this trilateral activity they appear to accept the three powers' assurances that the talks are a one-time approach to urgent and special problems.

The Special Committee. One of the major advances we expect is the establishment of nuclear planning machinery within the Alliance, which will include a Nuclear Defense Affairs Committee and a Nuclear Planning Group as permanent features of the Alliance.

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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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August 2, 1966

AGENDA

For Council Meeting August 4, 1966, 11 A. M.

U. S. Policy Toward Indonesia

Discussion of State Department paper on  
Indonesia circulated August 2, 1966

For additional background information see  
Central Intelligence Memorandum No. 1591/66  
of July 23, 1966, entitled "Political Forces in  
Indonesia"

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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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August 2, 1966

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

The enclosed State Department paper on Indonesia will be considered by the National Security Council on Thursday, August 4, 1966.



Bromley Smith  
Executive Secretary

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INDONESIA

Background

1. On October 1, 1965, the Indonesian Communist Party joined with elements of the armed forces in an effort to stage a coup by assassination. Six of Indonesia's most prominent generals were killed. Loyal Army elements under General Suharto rallied and crushed the coup attempt within 48 hours. This was the beginning of one of the most dramatic political reversals in recent history. A major nation, which was moving rapidly toward a domestic Communist takeover and was intimately associated with Communist China, within three months destroyed the Communist threat and altered significantly its domestic and foreign orientation.
2. The first element in this political change was the destruction of the Indonesian Communist Party, the fourth largest in the world. The Army hunted down and executed the principal Communist leaders. In the small cities, towns and villages groups of youths, encouraged by the Army and motivated by religion, historic local grievances, and fear of their own fate had the Communists taken power, embarked on a systematic campaign of extermination of Communist Party cadres. While the exact figure will never be known, an estimated 300,000 were killed.
3. The second aspect of this political revolution was a systematic reduction of the powers of President Sukarno with the object of retaining Sukarno as the historic revolutionary figure and symbol of Indonesian unity, but depriving him of the power to govern. This process proceeded in stages. In March, Sukarno was forced to delegate extraordinary powers to Suharto, and Subandrio, Saleh, and others of the coterie of Palace followers who in the past have done Sukarno's bidding were removed from power and imprisoned. This was followed in July by a meeting of the Peoples Consultative Council in which General Suharto's mandate was confirmed and Sukarno was stripped of his position as lifetime President. On July 25 a new cabinet, led by General Suharto and purged of remaining pro-Sukarno figures, was formed. Sukarno remains on the scene, has a capability to obstruct and delay, but has lost the power to initiate or act.
4. Working with General Suharto and the Army were two key leaders: Adam Malik, a former newspaper man whose service as Ambassador to Moscow has modified and rationalized his Marxist orientation; and the Sultan of Djogjakarta - the only public figure with a charismatic appeal to the people of Java comparable to Sukarno's own. In addition, a new and powerful force has emerged on the Indonesian political scene associated with the Army, but apart from it. It is composed of students who have

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come of age in the post-revolutionary period and are fed up with Sukarno, his empty slogans, and the economic chaos and bankruptcy which he has brought on the nation. These students, moving in huge public demonstrations, have been the cutting edge of political change.

5. On the international side there has been a rapid deterioration of Indonesia's relations with Communist China and the Asian Communist states, and a corresponding improvement in Indonesia's relations with the United States and the West. Foreign Minister Malik announced Indonesia's intention to return to the United Nations and its associated international agencies, and Indonesia has already applied to rejoin the International Monetary Fund and the International Bank for Reconstruction and Development. In June, Indonesian and Malaysian delegations met at Bangkok and reached preliminary agreement to bring an end to confrontation, and Malik has indicated an interest in Indonesian participation in Southeast Asian regional organizations.

6. These political developments took place in an economic situation of wild currency inflation, a bankrupt Central Bank, and a foreign debt of \$2.5 billion, whose annual servicing alone comes to more than the country's total annual foreign exchange earnings. The Sultan of Djogjakarta, the minister responsible for economic development, announced early in April a sensible and rational new approach to Indonesia's economic problems. Most of Sukarno's pet projects, which were consuming vast quantities of scarce foreign exchange, have been suspended, and the virtual termination of military confrontation with Malaysia has removed another major resource drain. Money was scraped up earlier this year to purchase rice from Burma and Thailand, and these imports combined with a good domestic rice crop have averted the immediate danger of a food shortage, although without imports, rice may be short in the winter months.

7. There has been, however, only modest progress in dealing with the root causes of Indonesia's economic collapse. The overall cost of living index has increased since October 1, 1965, by a factor of 12 and the amount of money in circulation by a factor of 5. Anti-Chinese riots have intimidated this important entrepreneurial community and caused an exodus of Chinese businessmen and a flight of Chinese capital. The Sultan's sensible words have not been followed by firm measures. The new cabinet inaugurated on July 25 shows considerable strength in the political and social ministries, but the overall level of professional competence of the economic ministers is low and a number of important portfolios remain in the hands of corrupt or incompetent officials. The management capacity of the swollen bureaucracy continues at a low level. It should be noted, however, that Suharto and his associates have up to now given priority attention to the political objectives of establishing themselves in power and restricting the powers of Sukarno. These objectives have been achieved to a major degree. There is no lack of understanding of the severity of Indonesian economic straits and there appears a good prospect that economic matters will now begin to receive more high-level attention.

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United States Interests and Objectives

8. Our traditional interest in Indonesia has been to keep the country out of the hands of its domestic Communists and out of the orbit of Communist China. This objective has, through the events of October 1 and their aftermath, for the time being been achieved. While protecting these major gains, our objective now is to help this populous, potentially rich and strategically placed nation - hitherto a disruptive force in Southeast Asia - overcome the inheritance of Sukarno's mismanagement, develop an effective government, and become a constructive force in the area.

Interests and Objectives of our Allies

9. We share these objectives with many of our friends. The economies of Japan and Indonesia are complementary, and Japan wishes to play a leading role in helping the Indonesian economy get back on its feet. The trading nations of Western Europe are also attracted by Indonesia's natural resources and the potential market of 100 million people. For Australia, New Zealand, Malaysia and the Philippines, an economically healthy, politically friendly Indonesia is essential to their national security. Indonesian recovery is also in the interest of the Soviet Union and its Eastern European allies, who regard Indonesia as a desirable market and source of raw materials. For the USSR as well as for the West, an unaligned Indonesia represents an Asian counterweight to Communist China.

United States Strategy and Past Actions

10. Until late March we kept silent on developments in Indonesia, a policy welcomed by the principal leaders of Indonesia's anti-Communist revolution. However, we gave them private encouragement and demonstrated our support by furnishing small amounts of urgently needed supplies. After the March cabinet reshuffle removed Sukarno's henchmen, we responded to Foreign Minister Malik's request for 50,000 tons of rice under PL-480, Title IV, on near-commercial terms. This was followed in June by a similar sale under Title IV of 75,000 bales of cotton on generous terms of interest and repayment. We have informed Malik that we are prepared to consider a further sale of cotton either direct or for third country processing. We have also encouraged other Free World countries to extend emergency assistance to Indonesia, and Japan, the United Kingdom, Australia and West Germany have made varying amounts of emergency grants and credits available.

11. Our strategy has been to provide, and to encourage other friendly nations to provide, such assistance to Indonesia while its leaders complete the process of political consolidation and place themselves in position to deal with the tough problems of economic reform and reconstruction. We have been working closely with Japan and other countries, who share our objectives in Indonesia, to organize a multilateral approach to Indonesia's longer term problems. This will involve a rescheduling of Indonesia's foreign debt, perhaps preceded by a moratorium, followed by other measures which will help Indonesia deal with inflation and

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restore the shattered export industries on which the economic health of the nation depends. A preliminary meeting of the informal "Aid to Indonesia Club" met in Tokyo on July 19 and a further meeting is planned for mid-September. We and Indonesia's other friends have emphasized that the IMF and the IBRD must play a key role in this reconstruction process. An IMF mission has already visited Indonesia and the new government has issued a formal invitation for the IMF to assist in the development of a stabilization plan.

#### Future Actions

12. During the short-range period of emergency support we propose to take the following actions:

a. We will continue to use the resources of PL-480 and its successors to provide food and cotton to Indonesia, and may also use CCC credits for this purpose. We are considering sales under PL-480, Title I, to provide rupiahs for our internal needs in Indonesia and to avoid adding to Indonesia's already heavy dollar indebtedness.

b. As soon as we can remove certain legal obstacles to the resumption of aid arising from provisions of the Hickenlooper Amendment (Section 620 (c)) and 620(e) of the Foreign Assistance Act, we intend to request a Presidential Determination, required under Section 620(j) of the same act, that furnishing assistance to Indonesia is in the national interests of the United States. Under a Presidential Determination we propose to provide on Indonesia's request:

i. civilian participant training in American universities;

ii. military training in US Service Schools in skills which have a civic action application;

iii. modest amounts of industrial raw material and spare parts to reactivate US equipment already in use in Indonesia;

iv. modest amounts of spare parts and technical advisory service to the Indonesian military for the rehabilitation of previously supplied US equipment for use in civic action projects;

v. text books and reference books at the university level and possibly some technical advice on aspects of an economic stabilization program and other self-help measures; and

vi. participation, if Indonesia so desires, in regional technical assistance of institutional development programs.

13. Our actions in the longer range economic development effort are difficult to anticipate at this time, since we expect to be working with other countries under the aegis of the IMF and hopefully the IBRD in a

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multilateral setting. As a rough preliminary estimate, based on imperfect data and an uncertain time frame, we might wish to contribute a sum in the range of \$50 million (including PL-480) to a multinational program to provide necessary imports to rehabilitate Indonesia's production plant and to restore badly run-down communications and transportation systems. The amount may vary with the hardness or softness of debt rescheduling terms, since debt relief is a form of aid. Depending on the amount and type of funds needed, it may be necessary to ask Congress for supplementary funds to carry out this long term program. We have been in close touch with key members of Congress on this question, have mentioned this rough estimate of possible future needs, and have found them favorably inclined towards our plans for helping Indonesia. Before any such program is likely to begin, however, Indonesia and its creditors must reach agreement on debt rescheduling and Indonesia must begin to implement a stabilization plan. These in turn will require difficult Indonesian decisions in areas such as budget revenue and expenditure, exchange rates and export incentives. Commitment of our assistance would be related to and paced with Indonesian performance in these areas.

14. At some stage we may wish to consider the return of the Peace Corps. Indonesia will need a broad range of middle-level skills, and when the program is resumed, it should include the widest possible spectrum of Peace Corps activities. Its previous entrance and exit had, however, major political overtones, and until we have clear evidence that the Indonesians want the Peace Corps we mean to proceed with caution.

#### Anticipated Future Problems

##### The Army

15. The Indonesian Army now and for some time to come will control the destinies of Indonesia. The Army is a major source of strength, and appears to be solidly united behind Suharto. It has a highly motivated, well trained, professionally competent officer corps. Many officers were trained in the United States, and a number of them have considerable competence in civilian administrative skills. It is an army proud of its record in winning Indonesian independence and determined to protect the fruits of this independence. (It has put down major insurgency movements in virtually every major island of the archipelago.) It is an army that has thus far resisted the temptation of a complete military takeover: it has preferred to work with civilian leaders and maintain its image as the servant rather than the master of the state.

16. The military is also a source of potential weakness and vulnerability. It has consumed over the past six years between 60 and 70% of the Indonesian budget, and may find it difficult to accept a more modest share. It has over 300,000 men under arms and is equipped with sophisticated modern weapons, largely of Russian origin, which it now neither needs nor can afford to maintain. It has a basic distrust of the civilian politicians, little patience with the disorder of free political exchange, and no major commitment to democratic freedoms as we know them. There is a danger that

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the Army may in the course of time move in the pattern of Burma to a military authoritarian state. The armed forces will wish to maintain good relations with the Soviet Union, with whom they have a still unused balance of \$110 million of the original loan for military equipment.

#### The Indonesian Military and the US

17. As noted above, many Indonesian officers have been trained in US Service Schools. There are, as a consequence, strong US-Indonesian service-to-service ties. We have, therefore, through our attaches in Indonesia and other direct contacts with Indonesian officers, some capability of influencing their policies and actions. This influence carries with it its liabilities. The Indonesian military, and particularly the Army, have been accustomed to turn to us, as well as the USSR, for military supplies. Indonesian officers in informal conversations have indicated an interest in resuming a military assistance program for Indonesia and have spoken of "requirements," running into hundred millions of dollars, which they hope to obtain from the United States. We will have a difficult task of deflecting these completely unrealistic expectations while continuing to maintain our personal ties and influence. In this context, the training and civic action programs proposed in previous paragraphs take on a special importance and urgency.

#### Unreasonable Request for Aid

18. Indonesia in the past has dealt with its economic problems by skillful use of political and economic leverage to obtain grants and loans from over 30 countries. This habit of looking to others to deal with their economic problems will persist. All preliminary proposals for economic rehabilitation place undue and over-optimistic reliance on a presumed availability of external resources. Indonesia, in short, would prefer to shift the major burden of its economic recovery onto the shoulders of its foreign friends. Malik and the Sultan have indicated their support of the multilateral approach described above, but we must anticipate in the coming months requests for substantial bilateral assistance justified almost exclusively on political grounds. We should attempt to head them off, but if unsuccessful we should not respond favorably without the most careful scrutiny for the following reasons:

a. Favorable response to these large "emergency requests" will reduce domestic pressures and retard rather than accelerate the process of economic reform;

b. Indonesia's capable trading community and its cadre of western-trained, performance-oriented economists who are preaching the need for forceful domestic efforts to cope with the economic situation will be undercut if we respond to emotional political appeals;

c. If we grant further credits we would not only be adding to Indonesia's debt burden, but would also be projecting ourselves into

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political difficulties with them because of the conditions we would have to require to be reasonably certain of repayment.

19. A firm but friendly policy of responding bilaterally to short-range, small-scale emergency needs and confining major assistance to the multi-lateral framework carries acceptable risk for the following reasons:

a. The subsistence sector of the Indonesian economy, embracing 75% of Indonesia's 100 million population, has survived over a decade of monumental mismanagement and continues to have considerable resilience;

b. The fertility of the soil, the general availability of fruit, vegetables and root crops reduces the political pressures of hunger or dire poverty;

c. Indonesia is largely free of absentee landlords and inequitable land distribution;

d. For the time being and for the foreseeable future there is no conceivable political alternative to an Army-dominated government;

e. The political repercussions which they warn us of will operate for the foreseeable future to produce internal reform rather than overthrow of the government.

#### Indonesia's International Posture

20. While Indonesia has renounced its past close association with Communist China and the Asian Communist powers, we can expect nothing better than non-alignment from Indonesia. Indonesia will continue to remain publicly critical of our actions in Viet-Nam, although Malik from time to time will attempt to soften the impact of these statements by private expressions of understanding. Indonesia, when it returns to the United Nations, will undoubtedly resume its position as one of the more militant of the Asian-African bloc, and while it will no longer stand invariably with Cuba and Albania on major issues in the United Nations, we will continue to find it opposing us on many key questions.

#### Confrontation

21. The Bangkok Agreement laid the groundwork for termination of confrontation, but it has not yet been ratified by the Indonesian Government. Small-scale border incursions have continued, and there are signs that some elements of the Indonesian Army may attempt to delay ratification in hopes of exacting further concessions from the Malaysians. Malik and Suharto appear sincere in their announced determination to end confrontation, but there may be further delays. In the longer perspective, as Indonesia begins to emerge from its economic difficulties we must anticipate that there will be adventurous elements in Indonesia that may revive efforts to extend control over Malaysia and the Borneo states.

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Timing

22. As we approach the problem of consolidating the gains which the Indonesians themselves have achieved in the past ten months, timing is of paramount importance. We must adjust to the pace which the Indonesians themselves have set for securing their own economic and political salvation. To move too quickly, to show a greater sense of urgency in getting on with the job than the Indonesians themselves feel, will give these resourceful people the idea that they can exact concessions for the privilege of helping them. To move too slowly and to be too rigid in our responses in meeting major needs will encourage a latent threat of complete military takeover, and the emergence of an adventurist totalitarian regime. We are dealing not with an economic infant, but a sick giant with historically proven capacity for quick economic recuperation. We are dealing with a talented and resourceful population, proud, self-confident and determined to stand on its own feet. We are dealing with an island nation where the circumstances of geography and the incredible productivity of its soil tend to break problems into manageable units.

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THE WHITE HOUSE

WASHINGTON

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July 14, 1966

MEMORANDUM FOR:

The Secretary of State  
The Secretary of the Treasury  
The Secretary of Defense  
The Administrator, Agency for  
International Development  
The Director, U. S. Information Agency  
The Director of Central Intelligence✓

Attached is the record of the President's  
decisions growing out of today's National  
Security Council meeting.

Edward Hamilton, NSC staff man on  
Africa, will represent my office on the task  
force.

*W W Rostow*

W. W. Rostow

Attachment

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*NSC*

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July 14, 1966

Following the National Security Council meeting today, the President asked the Secretary of State to set up a task force on the South West Africa problem composed of those officers in State, Defense, AID, USIA, CIA, and the NSC Staff, who are primarily responsible for African Affairs.

The task force is to prepare:

- (1) a suggested U. S. statement for use immediately following the court decision;
- (2) a short term "holding" position to permit us time to assess the decision and reactions to it at home, in Africa and among our allies;
- (3) a longer-range plan for dealing with this issue in Africa, in the Western alliance, in the East-West arena and in the UN.

The task force is to work closely with Ambassador Goldberg and his staff.

The task force should establish and maintain close relations with those members of Congress and their staff who are interested in African problems.

*W W Rostow*  
W. W. Rostow

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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

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June 21, 1966

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

The enclosed policy paper entitled "Southwest Africa" is transmitted for consideration at the National Security Council meeting to be held at noon, June 23, 1966.

*Bromley Smith*  
Bromley Smith  
Executive Secretary

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SOUTH WEST AFRICA

Background

The International Court of Justice is expected to render a judgment in the next few weeks in the proceedings instituted by Liberia and Ethiopia against South Africa in 1960 regarding South Africa's administration of the mandated territory of South West Africa. The Court is expected to decide that the pre-World War I German colony of South West Africa continues to be a territory under League of Nations mandate and that South Africa has a binding legal obligation to report to and submit to supervision by the United Nations as successor to the League. It is also possible that the Court will decide that the application of apartheid in South West Africa is inconsistent with the League Covenant and the Mandate. It is difficult to predict how specific the latter finding of the Court will be.

South African Reaction

The probable range of initial South African reactions to the judgment lies between South Africa's initial position when the Court case began -- no Mandate obligations and no jurisdiction by the Court or the United Nations -- and grudging and tacit South African acceptance of the principle of minimal United Nations supervision. Much will depend on the nature and clarity of the judgment and on South Africa's estimate of what forces are likely to be marshaled against her if she delays or fails to comply. Prime Minister Verwoerd has specifically indicated that his decision will depend in large part on the positions of the United Kingdom and the United States.

Reaction of Other United Nations Members

1. The Afro-Asians can be expected to press for United Kingdom and United States support of strong and immediate action, resisting any procedure involving delay and further maneuver. They could seek a request by Liberia and Ethiopia for Security Council enforcement of the judgment under Article 94 of the Charter through economic sanctions and other measures or, as has been proposed by the Soviet Union and others, request an immediate session of the General Assembly to consider proposals for supervision or revocation of the Mandate. The Afro-Asians also view the South West Africa issue as an opportunity to take a step toward effective international action against apartheid within South Africa itself. Afro-Asian pressures in this matter are likely to be persistent because fundamental racial issues are involved. The Communists will exploit the South West African issue to the full.

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2. The Latin American and Scandinavian states may be willing to support economic measures and other actions to enforce a Court decision on South West Africa. France is unlikely to support such measures.

#### The Prospect for Confrontation

If pressures for extreme action are not carefully contained, it is quite possible that a major confrontation could take place over southern Africa, merging the problems of South West Africa, apartheid, and Rhodesia -- all highly contentious issues in the United Nations. Such a confrontation would present the United States with difficult dilemmas arising from its middle-ground position between bitterly held extremes.

#### United States Objective

As stated in the National Policy Paper on South Africa, the United States desires "to avoid, if possible, a clash between South Africa and the United Nations over compliance." The best outcome, according to the National Policy Paper, would be voluntary South African compliance. However, if South Africa were to resist the judgment, "the United States objective would be to support the authority of the Court, the prestige of the Security Council and the United Nations, and the interests of the inhabitants of South West Africa by measures least damaging to the economy and strength of the Free World and to stability and constructive evolution in southern Africa."

#### Possible Measures to Give Effect to the Judgment

A paper on "Contingency Planning on the Judgment of the International Court of Justice on South West Africa" prepared by the Department of State discusses a broad range of possible diplomatic, economic and military means of achieving United States objectives. The paper points out that the ability of the United States, the United Kingdom and other United Nations members to prevent a confrontation between the United Nations and South Africa will depend in large measure on their ability to convince the South African Government of their willingness to use measures available under the Charter to preserve the integrity of the Court and the integrity and effectiveness of the United Nations and its system of collective measures and to persuade all parties of the importance of observing legal procedures. The paper envisages consultations with the United Kingdom and other members. It emphasizes the need for agreement ahead of a judgment on a strategy best calculated to

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restrain extreme moves on either side and to encourage South African compliance. It is felt that the further development of our position should be cautious and deliberate, with our action in each phase held to the minimum required to meet our objectives of upholding the authority of the Court and achieving South African compliance. The paper describes the difficulties of mobilizing effective comprehensive economic sanctions but does not foreclose the possible imposition of economic sanctions if South Africa does not comply with the judgment. It adds that selective economic measures limited to one product or group of products, which would not require forceful measures for their application, might receive wider support and might have some psychological impact, but whether this would affect South Africa's policies and actions constructively is uncertain. The paper discusses American interests in South Africa, including American private investments, space installations and the importance of continued South African gold exports, and notes the importance for the United Kingdom of trade with South Africa, its third largest trading partner.

#### United States Diplomatic Efforts

1. The United States Mission to the United Nations is currently engaged in discussions with the United Kingdom Mission about tactics in the United Nations after the Court judgment. We have suggested a prompt meeting of the Security Council to call for compliance with the judgment by all parties, if possible establishing the primacy of the Council in the matter and acceptance by the United Nations of compliance as its main aim. By such a tactic we would hope to forestall or inhibit precipitate and extreme action by the United Nations General Assembly, e.g., calls for revocation of the mandate or for sanctions, before there has been a reasonable time for the South African Government to move meaningfully toward compliance.
2. We have asked our Embassy in London to consult the British on a further coordinated approach to Prime Minister Verwoerd designed to persuade him of the wisdom of complying with the judgment. While previous United States and United Kingdom efforts to this end have not achieved measurably favorable results, we feel we should continue such efforts. The Embassy will also ask for British views on how best to coordinate other aspects of our contingency planning. The next steps we wish to take are to work out with the United Kingdom and others the terms of a possible Security Council resolution on compliance and to plan what our follow-up actions to such a resolution should be.

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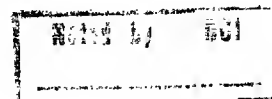
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EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON 25, D.C.



*To - Mr. Chamberlain -  
for info.  
R/10/21*

June 7, 1966

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

The enclosed policy paper entitled "The Indian Nuclear Weapons Problem: Current Issues" is transmitted for consideration at the National Security Council meeting to be held at noon, June 9, 1966.

*Bromley Smith*  
Bromley Smith  
Executive Secretary

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Introduction: Key Issues

1. What would be the effects of an Indian national nuclear program on US interests? (See para 2 of attached paper.)
2. Is there anything more that we can and should do to acquaint India with the costs and difficulties of a nuclear program? Should we be prepared to go further than we have so far in using economic leverage to deter such a program? (See para 3a of attached paper.)
3. How effective would a non-proliferation treaty, a comprehensive test ban, and/or a threshold test ban be in deterring an Indian nuclear program? What price should we be prepared to pay for such agreements? (See para 3b of attached paper.)
4. How far is it in the US interest to go in seeking to meet Indian security concerns, what form should such action take, and what might be the timing? (See para 3c of attached paper.)
5. Is there any dramatic new approach which would have greater effect on Indian nuclear intentions than the courses of action discussed in the attached paper? (See para 4 of the paper.)
6. Should the NSC direct State, the DOD, and ACDA to undertake a study, in greater depth, of the issues raised above? (See para 5 of the paper.)

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THE INDIAN NUCLEAR WEAPONS PROBLEM

1. The Situation. In the wake of the third Chinese Communist nuclear test, domestic pressures for India to embark on a nuclear weapons effort have mounted sharply. Government leaders are continuing to hold the line against such a course. But a decision point is likely to be reached within a few years and, unless there is some new development, India almost certainly will go nuclear.

Such a decision could start a nuclear proliferation chain reaction. This would be contrary to basic US national interest. It is therefore imperative that we take all possible promising actions to prevent it.

This paper surveys steps to this end which have been generally considered in this government. It does not address the question of whether even more far-reaching actions may be necessary and feasible in dealing with this problem. It recommends further study of this and other aspects of the problem.

2. Effects of an Indian Weapons Program. An Indian effort to achieve a credible national nuclear deterrent against Communist China would do great damage to Indian development prospects. The damage would increase as India sought an adequate stockpile and a suitable delivery system.

Should India go down this line, the Paks would be critically concerned about their own security and would probably turn to the US, Communist China, or the Soviet Union either for assistance in acquiring nuclear weapons or for support in deterring India.

The likelihood of further proliferation (e.g., Japan and Israel) would be increased, and nuclear pressures might be set in train in Germany.

A different kind of consideration is that if India should "go nuclear", and achieve an independent deterrent to Chinese nuclear power, India might look less to the US (and the USSR) for defense against Chinese Communist nuclear blackmail.

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### 3. Courses of Action

a. Economic Pressures. Among the basic factors having a bearing on India's decision are the cost of a nuclear weapons program and the effect which such a program might have on foreign aid to India.

Data on costs and on the difficulties of acquiring a credible and reliable deterrent force have been forwarded to Ambassador Bowles, for use with India's leaders. Additional data will be supplied, which India's leaders may use publicly to support their stand against nuclear weapons.

The related question of the level of India's defense expenditures has been raised with Indian Planning Minister Mehta and will be pursued. Points being emphasized include: (i) the need for a reasonable limit on defense expenditures as a prerequisite to economic development; and (ii) our intention to take defense expenditures into account in determining future aid policy. This dual emphasis on the cost of "going nuclear" and the need to hold down defense expenditures can be expected, within limits, to influence India's decision.

We could go further and threaten to cut off economic assistance and to withdraw all assurances of political and military aid, if India decided to develop its own nuclear weapons. US fulfillment of this threat would probably impel the Indians to look at once to their own means to meet their security needs, and probably also to turn to the Soviet Union. Even making the threat could have an adverse effect on Indian-American relations and on Indian confidence in the US. Perhaps the threat, and certainly the cutoff of aid, would greatly reduce American influence and enhance Soviet influence in India, and would subject India to heavy economic and political strains, which would threaten its viability as a democratic state and an Asian counterweight to China.

On the other hand, less drastic use of aid, as one of a number of levers, might effectively influence an Indian decision.

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b. Arms Control Agreements. In addition to the more specific effects of particular arms control agreements, any progress in disarmament which indicated growing US-Soviet detente could have a dampening effect on pressures for a national Indian nuclear program.

(i) Non-Proliferation Treaty. The US is at present continuing its efforts to reach agreement on a non-proliferation treaty, as its first priority arms control measure.

While such a treaty would inhibit proliferation, it is not clear whether agreement can be achieved. There have been suggestions that the Soviets would sign a non-proliferation treaty which would permit consultation and allow the USSR to take the public position that new collective hardware arrangements are excluded. This must be weighed against the effects that this approach would have on our policy toward Europe and Germany.

Should India adhere to a non-proliferation treaty, it is possible that she would later withdraw if she felt her national interests required such an action. Such a treaty would not mitigate the Indian security problem, unless it were coupled with other measures of the sort discussed in this paper.

(ii) Comprehensive Test Ban Treaty. The US continues to support an adequate, verified comprehensive test ban treaty.

Such a treaty would have a major political and technical impact on proliferation. However, the principal effect would be political. A nation which had agreed not to conduct any nuclear tests would not lightly withdraw from this obligation. While only testing would be prohibited, and a nation could develop and stockpile weapons without withdrawing from the treaty, this course seems unlikely. A comprehensive test ban would thus have an impact on an Indian decision to acquire nuclear weapons.

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The Soviets continue to reject inspection. Recently, however, they have indicated that they would be willing to consider making available information from internal Soviet sites. If this would significantly reduce the number of unknown events, a compromise solution to the inspection problem might become possible.

Because of their estimate of the over-all adverse impact on US national security, the Joint Chiefs of Staff are opposed to a comprehensive test ban.

(iii) Threshold Test Ban. The likely effect and security implications of a "threshold" test ban, which would extend the present limited test ban to underground tests above a seismic magnitude of 4.75, are now being considered via the Committee of Principals route. Such a treaty would materially inhibit an Indian decision to acquire nuclear weapons. It would have less effect, of course, than a comprehensive test ban; but it would be more responsive than a non-proliferation treaty to Indian desires for restraints on nuclear, as well as non-nuclear, countries.

c. Security Arrangements. Security against nuclear attack is becoming an increasingly important factor in the Indians' calculations regarding their nuclear policy. In determining whether to try to secure this security through outside assurances or their own nuclear deterrent, the Indians can be expected to seek a policy which is consistent with non-alignment. The Indians will do this for two reasons: (i) Because they consider that their security interests require good relations with the Soviet Union, from whom they receive economic and military aid and support against Communist China; (ii) because they want to maintain their position among the Afro-Asians.

In responding to Indian security concerns, the key question we have to ask ourselves is: What would the US, in fact, do if the Chinese Communists were to mount (or threaten imminently to mount) a nuclear attack on India?

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If we believe that our interest in Indian independence, in preventing Communist expansion, and in maintaining some reasonable semblance of world order would move us to stand by India in this circumstance, then the problem is how to make this clear to the Indians ahead of time, so as to affect their nuclear intentions, without involving either commitments which go beyond our likely response to nuclear attack on India or insuperable Congressional difficulties. Possible steps to this end are considered below.

(i) Nuclear Power Guarantee. The Indians would welcome a joint US-USSR guarantee to all non-nuclear states. (The UK would certainly join, but this is of secondary importance to the Indians. France might not join and, of course, Communist China would not.) The Soviet Union, however, has made clear that it does not wish (at least at present) to join the US in any such assurances, much less in a joint guarantee obviously directed against China. If the situation should so change that the USSR were ready to take part in joint assurances, this would probably defer an Indian decision to acquire its own nuclear weapons. We should consider, at an appropriate time, attempting to determine privately the conditions, if any, under which the USSR might be interested in joint or parallel assurances, either in or out of the UN framework.

(ii) Public US Call for Nuclear Guarantees. Congressman Holifield has proposed privately that, if the USSR is unwilling to join us in giving assurances, we should nonetheless publicly declare US readiness to join with the other nuclear powers in guaranteeing all non-nuclear states against nuclear attack, and let the onus fall on the USSR for failing to agree.

This ploy, would, however, be attacked by the Soviet Union and Communist China, and would probably be ignored or rejected by France. The Indians would regard such a move as undesirable and, from their point of view, unhelpful. Moreover, by demonstrating the inability of the nuclear powers to provide joint assurances, it might well persuade many in India (and perhaps elsewhere) that they would, indeed, have to rely on themselves.

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The Soviets would probably use such a US proposal as the occasion to reaffirm their counterproposal for the nuclear powers to pledge never to use nuclear weapons against a non-nuclear state not having nuclear weapons on its territory.

(iii) US Assurances Under Umbrella of UN Resolution.  
In 1965 the Committee of Principals approved the draft of a possible UN Resolution, the operative language of which expressed the intention of UN Members "to provide or support immediate assistance to any State not possessing nuclear weapons that is the victim of an act of aggression in which nuclear weapons are used."

In the fall of 1965, we sounded out the Soviets and were told that the Soviet Union considered the question of assurances "premature", and that the matter might be considered after the conclusion of a non-proliferation treaty. Subsequently, the Soviets advanced their counterproposal (noted above) calling for nuclear powers not to employ nuclear weapons against non-nuclear countries on whose territory no nuclear weapons were stationed.

If the Soviet Union should reconsider its position, a UN Resolution of the type we have offered could serve as an "umbrella" which would be consistent with Indian non-alignment and under which more specific US-Indian arrangements might be pursued.

Under this "umbrella", the US could offer firm private assurances of support to India, which could be buttressed by such steps as describing to the Indians our nuclear capabilities directed at the Communist Chinese threat. The Soviets would, of course, be free to do likewise, if they wished, -- secretly, and without having to assume the public stance of cooperating with the US.

This UN umbrella cum private US assurances might offer at least an interim solution to the problem.

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There is a question, however, as to whether such secret assurances would have the needed impact on Indian non-governmental opinion, which is the source of most of the present pressure for India's "going nuclear." It is doubtful, in any event, that these assurances could, in fact, be kept secret.

Moreover, to have any hope of satisfying the Indians, these US assurances would have to be quite specific. Yet such specificity would bind the US to involve itself in a nuclear conflict under at least partially unforeseen circumstances and without the ability to control India's actions.

(iv) US Assistance to a Limited Defensive Indian Deterrent. Ambassador Bowles has suggested that consideration be given to US assistance to India in such measures as: installation of an effective early warning system and other measures for defense against manned bombers, expansion of joint US-Indian efforts to detect Communist Chinese nuclear and missile capabilities, secret scientific consultation on ballistic missile defenses, and secret studies of integrated air defense against Communist Chinese nuclear attack - which might include consideration of an Indian manned bomber force for use against Communist Chinese launching sites.

We have assisted Indian air defenses since 1962, and could conceivably extend this effort. However, it is doubtful that this would allay Indian concern over the Communist Chinese nuclear threat, which will include missiles.

Consultation on ballistic missile defenses (which we could not now provide) might well convince the Indians that their only real defense would be a nuclear deterrent, and thus stimulate Indian desires for nuclear weapons of their own.

In the same way, studies of an Indian conventional manned bomber force could well convince the Indians that what they really need are missiles with nuclear warheads.

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(v) US-Indian Alliance. A formal military alliance would offer the most convincing means of engaging the American deterrent in India's defense. There are strong reasons against our undertaking a formal alliance commitment. In any event, the issue is hypothetical, at least for the present, since the Indians wish to retain their non-aligned status. If such a US-Indian alliance were concluded, it might result in a complete US break with Pakistan and in a Pakistan-Chinese Communist alliance.

(vi) Nuclear Sharing. The US might offer to assist India in acquiring the capability to deter or retaliate against Communist Chinese nuclear attack with its own delivery means, using American nuclear warheads which would be made available to India at the time of a Chinese attack. The advantages, in comparison with a strictly unilateral US guarantee, would include a less direct military commitment for the US (in the sense that the Indians, not the US, would strike Communist Chinese targets) and yet, from the Indian standpoint, a more tangible US commitment to give essential assistance.

This course of action faces a number of difficulties: (a) India's desire to remain at least formally non-aligned, and to avoid alienating the Soviet Union; (b) the dilemma of fashioning a nuclear sharing arrangement that would provide enough -- but from the US standpoint not too much -- of a nuclear role; (c) the impact of such an arrangement on others (Pakistan, Japan, and other US Asian allies) and on the UK role East of Suez; (d) the over-all effect on US military commitments and on US aid for India, since we might have to bear much of the cost; and (e) the question of Congressional attitudes.

The Secretary of Defense and the Joint Chiefs of Staff do not believe a nuclear sharing arrangement would do more than delay an Indian pro-nuclear decision. While this may be true, there may come a time when such delay would be well worth seeking. The Director of ACDA does not consider a nuclear sharing arrangement desirable.

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d. The Plowshare Loophole. There is some pressure on the Indian Government for a peaceful (PLOWSHARE) explosion to demonstrate India's technical capabilities. Such a "peaceful" Indian explosion would, however, be widely viewed (in Pakistan and elsewhere) as the beginning of an Indian nuclear weapons program and, from the technical standpoint, would be virtually indistinguishable from weapon development. The Committee of Principals is, therefore, considering steps to dissuade India from "peaceful" nuclear explosive development.

#### 4. Conclusion

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4. Conclusion. A number of the courses of action discussed above are now underway:

-- We are already seeking to impress the Indians with the cost and difficulty of acquiring a nuclear deterrent.

-- We are trying to make clear to India the inter-relation between external aid and levels of Indian military expenditure.

-- We are seeking to negotiate arms control proposals, including a non-proliferation agreement, and we are examining new proposals, notably a threshold test ban.

-- We are exploring the problem of general security assurances, particularly action that can be taken in the UN.

Each of these approaches has potentialities, limitations, and costs.

Achieving even delay in an Indian decision to go nuclear would be extremely useful. At their present pace, however, these courses of action are likely to secure such delay for only a relatively limited period. To achieve more substantial effect, approaches not now underway (whether discussed in this paper or otherwise) would be needed.

5. Recommendation. State, DOD, and ACDA should be directed to study in greater depth the following inter-related issues, emerging from recent review of the Indian nuclear question:

a. The extent to which it might be in the US interest to use our economic leverage more explicitly to discourage an Indian national nuclear program.

b. The effect which various arms control agreements might have on Indian nuclear intentions, and what price the US should be prepared to pay for such agreements.

c. How far it is in the US interest to go in meeting Indian security concerns, what form such action might take, and what the optimum timing might be.

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d. Whether there are other approaches to the problem which need to be pursued.

Such study should balance the price of each of these suggested courses of action against the damage resulting from India's choosing the independent nuclear path.

Such study should thus provide a basis for deciding whether there are specific recommendations that can be made to the NSC as to measures which the US, its own interests in mind, should take to delay or prevent India's choosing that path.